

As an Internet Service Provider, Sonic.net used to operate without much requirement for input from regulatory bodies. However, in recent years, we've found that the changing telecommunications landscape as it relates to Internet access is demanding regular participation.

There is a regulatory item which is underway at the Federal Communications Commission which could badly damage independent ISPs.

BellSouth has filed a petition at the FCC, asking the FCC to stop regulating broadband service.

If this petition is granted, this would mean that the large phone companies would no longer be subject to regulatory review of their broadband pricing to independent ISPs like Sonic.net. As a result, we would have to individually negotiate pricing and the ability to interconnect, which would undoubtedly raise our prices, and yours in the long term.

The more serious threat is that it is even possible that the phone companies could, in the long run, refuse to provide the necessary connections for our DSL service, and we would be unable to sell DSL at all.

BellSouth's claim is that because their own affiliated ISP service (which is similar to SBC/Yahoo here in California) already controls a huge majority of the market, so squashing the rest of the competition isn't likely to impact the market much.

While BellSouth doesn't serve California, Verizon and Qwest have followed up and filed similar requests, and we could expect SBC to follow suit. We very much value SBC and SBC-ASI as partners in providing DSL service to California consumers, but we are concerned that if they were not required to provide access to all ISPs, independent ISPs and Sonic.net and our customers could suffer badly.

This is not a near term threat - Sonic.net has contractual agreements with SBC which allow us to sell DSL for a long time to come - but this is a long term potential threat which requires a near-term response. We need to tell the FCC that the companies which built the Internet itself should not be wiped away and replaced by the large telephone monopolies.